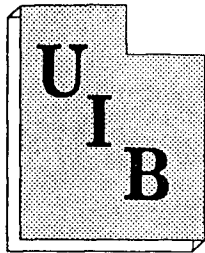
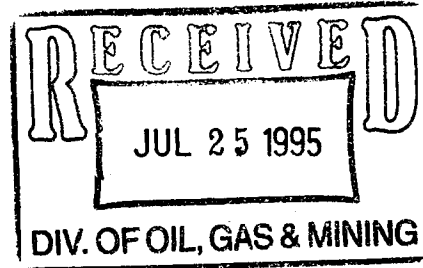


m/015/061



**UTAH  
INDEPENDENT  
BANK**



55 South State  
Salina, Utah 84654  
Phone (801)529-7459

Letter of Credit No.:  
March 17, 1995

Utah Independent Bank  
March 17, 1996

Utah Division of Oil, Gas and Mining  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

and

United States Department of Interior  
Bureau of Land Management  
Moab District  
San Rafael Resource Area  
900 North 700 East  
Price, UT 84501

Gentlemen and Ladies:

1. Utah Independent Bank, Salina, Utah, hereby establishes this irrevocable Letter of Credit in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent for the Department of the Interior - BLM (collectively, the "Beneficiaries") for an aggregate amount not to exceed \$40,800.00 in United States dollars effective immediately.

2. This Letter of Credit will expire upon the earlier to occur of (a) 5:00 o'clock p.m. (Salt Lake City time) on March 17, 1996 and (b) the date upon which documents are executed pursuant to which the Division releases Western Clay Company from liability for reclamation of the Last Chance Clay Mine, no. M/015/061 with notice to Bank or Surety by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. The Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Utah Independent Bank gives notice to the Division 90 days prior to the expiration date that the Utah Independent Bank elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No.: \_\_\_\_\_, delivered to the office of the Utah Independent Bank, 55 South State Street, Salina, Utah. At the Division's sole election, the Division may present sight drafts for less than the face amount so long as the aggregate amount of all sight drafts does not exceed the face amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Utah Independent Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination date of this Letter of Credit, Utah Independent Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Utah Independent Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.


6. The Utah independent Bank will give prompt notice to Western Clay Company, and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Utah Independent Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Utah Independent Banks charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1983 revision, International Chamber of Commerce Publication No. 400, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah Law and the UCP, Utah Law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Utah Independent Bank, 55 South State Street, Salina, Utah, referencing Letter of Credit No.:

Very truly yours,

Utah Independent Bank

By:   
Mike Shaw - Cashier

MWS/lc

cc: Western Clay Company  
file